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RUEHBJ/AMEMBASSY BEIJING 2141
RUEHKO/AMEMBASSY TOKYO 2006
RUEHIT/AMCONSUL ISTANBUL 2577
RUEHC/SECSTATE WASHDC 1600
RHEHNSC/NSC WASHDC
RHMFISS/CDR USCENTCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 2918

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001257

SIPDIS

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SUBJECT: KYRGYZ ENERGY MINISTER DISCUSSES PURCHASING
ELECTRICITY, GAS FROM TURKMENISTAN

Classified By: Charge d'Affaires a.i. Sylvia Reed Curran for reasons 1.
4 (B) and (D).

11. (C) SUMMARY: President Berdimuhamedov and Kyrgyz Minister of Industry, Energy, and Fuel Resources Saparbek Balkibekov discussed in meetings in Ashgabat on September 17 Kyrgyzstan's need to purchase electricity for the upcoming winter and interest in purchasing petrochemical products in the future. Turkmenistan agreed to export 1.2 billion kilowatts of electricity to Kyrgyzstan. Turkmenistan is also interested in purchasing industrial glass and cement from Kyrgyzstan. The parties did not come to any agreement on gas sales, because, according to the Kyrgyz Embassy, Kyrgyzstan first must conclude transit agreements with Uzbekistan and Tajikistan, which may prove to be difficult. END SUMMARY.

12. (U) President Gurbanguly Berdimuhamedov met with Kyrgyz Minister of Industry, Energy, and Fuel Resources Saparbek Balkibekov in Ashgabat on September 17. The official Russian-language government newspaper "Neytralniy Turkmenistan" reported on September 18 that the two officials discussed cooperation in the energy sector, and that Berdimuhamedov said Turkmenistan's energy policy is based on diversification. The article also said that Kyrgyzstan was especially interested in importing natural and liquefied gas, petroleum products, and electric power from Turkmenistan.

MAIN FOCUS OF THE VISIT: ELECTRICITY

13. (C) Kyrgyz Embassy Counselor Melis Sydykov (strictly protect) said in a meeting on September 22 with econoff that, in addition to President Berdimuhamedov, Minister Balkibekov met with Deputy Chairman for Oil and Gas Tachberdi Tagyev, Minister of Trade and Foreign Economic Relations Nokerguly Ataguliyev, and Acting Minister of Oil and Gas Industry and Mineral Resources Bayramgeldi Nediroy. Sydykov said that Kyrgyzstan is concerned about its ability to produce enough hydroelectric power for the upcoming winter, as this is the seventh year in a seven-year cycle during which its dam waters reach low levels. While the Toktogul dam usually holds 15 billion cubic meters of water -- and as much as 18 billion cubic meters -- the dam currently holds only 12 billion cubic meters. Turkmenistan agreed to export 1.2 billion kilowatts to Kyrgyzstan, and Sydykov said that this

is acceptable to Kyrgyzstan. Sydykov said that Iran and Turkey buy about a billion kilowatts every year from Turkmenistan, and Afghanistan buys a small amount. Sydykov added that Kyrgyzstan's small power plants do not produce much electricity, reinforcing Kyrgyzstan's dependence on hydroelectric power.

PETROCHEMICALS ALSO ON THE TABLE FOR DISCUSSION

14. (C) Sydykov said that Kyrgyzstan wants to buy 1 billion cubic meters of gas from Turkmenistan per year. Currently Kyrgyzstan purchases 850 million cubic meters of gas per year from Uzbekistan. Turkmenistan agreed in principle to sell gas to Kyrgyzstan. However, Sydykov said, the Turkmen repeated the usual offer to sell gas at Turkmenistan's borders. However, as Sydykov pointed out, Kyrgyzstan must now negotiate with Uzbekistan and Tajikistan for transit agreements through these countries. According to Sydykov, Kyrgyz and Turkmen officials did not discuss price because Kyrgyzstan must first determine how to transport the product. Since it might be possible to purchase liquefied natural gas, transportation options include train and motor vehicle.

INDUSTRIAL INTERESTS

15. (C) Sydykov added that Turkmenistan is interested in importing high-quality glass made in a German-constructed factory, as well as cement for industrial construction purposes. According to Sydykov, Turkmenistan does not have any comparable glass factories. The Kyrgyz-made cement, used

ASHGABAT 00001257 002 OF 002

for pouring foundations of large buildings, is also desirable.

KYRGYZSTAN SATISFIED WITH MEETINGS

16. (C) Sydykov was pleased with the outcome of the meetings, stating that Kyrgyzstan is looking at purchasing petrochemical products from Turkmenistan as an option for the future, adding that price will be a deciding factor. Kyrgyzstan is resigned to paying "European prices" because it doesn't have a choice and because fuel is a necessity.

17. (SBU) COMMENT: Turkmenistan's agreement to export 1.2 billion kilowatts of electricity to Kyrgyzstan for the coming winter is positive. Turkmenistan is committed to friendly, positive relations, including commercial relations, with the other Central Asian states. END COMMENT.
CURRAN